

SIGMATRON INTERNATIONAL INC
Form DEF 14A
August 15, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

SIGMATRON INTERNATIONAL, INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

SIGMATRON INTERNATIONAL, INC.

2201 Landmeier Road

Elk Grove Village, IL 60007

August 15, 2014

Notice of Annual Stockholders Meeting:

You are hereby notified that the 2014 Annual Meeting of Stockholders of SigmaTron International, Inc. (the Company) will be held at SigmaTron International, Inc., located at 2201 Landmeier Road, Elk Grove Village, Illinois 60007, at 10:00 a.m. local time, on Friday, September 19, 2014, for the following purposes:

1. To elect two Class III Directors to hold office until the 2017 Annual Meeting.
2. To consider a proposal to ratify the selection of BDO USA, LLP as registered public accountants of the Company for the fiscal year ending April 30, 2015.
3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on July 31, 2014 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and/or adjournments thereof.

You are urged to attend the Annual Meeting in person. Whether or not you expect to be present in person at the Annual Meeting, please mark, date, sign and return the enclosed proxy in the envelope provided.

By Order of the Board of Directors

LINDA K. FRAUENDORFER

Secretary

SIGMATRON INTERNATIONAL, INC.

2201 Landmeier Road

Elk Grove Village, IL 60007

2014 ANNUAL MEETING OF STOCKHOLDERS

September 19, 2014

PROXY STATEMENT

GENERAL

This Proxy Statement and the accompanying proxy are furnished to stockholders of SigmaTron International, Inc. (the Company) in connection with the solicitation of proxies by the Company's Board of Directors for use at the 2014 Annual Meeting of Stockholders (sometimes referred to herein as the Meeting) to be held at SigmaTron International, Inc., located at 2201 Landmeier Road, Elk Grove Village, Illinois, 60007, at 10:00 a.m. local time, on Friday, September 19, 2014, for the purposes, set forth in the accompanying Notice of Meeting. This Proxy Statement, the form of proxy included herewith and the Company's Annual Report to Stockholders for the fiscal year ended April 30, 2014 are being mailed to stockholders on or about August 15, 2014.

Stockholders of record at the close of business on July 31, 2014 are entitled to notice of and to vote at the Meeting. On such date there were outstanding 4,037,017 shares of common stock, par value \$.01 per share. The presence, in person or by proxy, of the holders of a majority of the shares of common stock outstanding and entitled to vote at the Meeting is necessary to constitute a quorum. In deciding all questions, each holder of common stock shall be entitled to one vote, in person or by proxy, for each share held on the record date.

If you are a stockholder of record (that is, if you hold your shares in certificate form or if your shares are registered in your name on the books of the Company's transfer agent, American Stock Transfer and Trust Company, as of the close of business on July 31, 2014), and attend the Meeting, you may deliver your completed proxy card in person. However, if you hold your shares in street name (not registered in your name): (a) you must return your voting instructions to your broker or nominee so that the holder of record can be instructed how to vote those shares; or (b) if you wish to attend the Meeting and vote in person, you must obtain and bring to the Meeting a proxy signed by the record holder giving you the right to vote the shares in order to be able to vote at the Meeting. (You may *not* use the voting instruction form provided by your broker or nominee to vote in person at the Meeting.) For directions to the meeting, please contact the Company at 847-956-8000.

Votes cast by proxy or in person at the Meeting will be tabulated by the election inspector appointed for the Meeting and will determine whether or not a quorum is present. The election inspector will treat abstentions as shares that are present and entitled to vote but as not voted for purposes of determining the approval of any matter submitted to the stockholders for a vote. Abstentions will have the same effect as negative votes on the proposal to ratify the selection of the auditor. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter (Broker Non-Votes), those shares will not be considered as present and entitled to vote with respect to that matter.

Properly executed proxies will be voted in the manner directed by the stockholders. If no direction is indicated, such proxies will be voted FOR the election of each nominee named under the caption Election of two Class III Directors as set forth therein as a Director of the Company and FOR the ratification of the selection of BDO USA, LLP as the Company's registered public accountants. If a quorum is present at the Meeting, Directors will be elected by a plurality of the votes cast. The ratification of the selection of auditors requires an affirmative vote by holders of a majority of the shares present at the meeting in person or by proxy and entitled to vote. All other matters submitted for stockholder approval at the Annual Meeting will be decided by the affirmative vote of a majority of the shares present, in person or by proxy, at the Annual Meeting and entitled to vote on the subject matter. Any proxy may be revoked by the stockholder at any time prior to the voting thereof by notice in writing to the Secretary of the Company, either prior to the Meeting (at the above address) or at the Meeting if the stockholder attends in person. A later dated proxy will revoke a prior dated proxy.

All expenses incurred in the solicitation of proxies will be borne by the Company. In addition to the use of the mail, proxies may be solicited on behalf of the Company by Directors, Officers and Employees of the Company by telephone or telecopy. The Company will reimburse brokers and others holding common stock as nominees for their expenses in sending proxy material to the beneficial owners of such common stock and obtaining their proxies.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be held on September 19, 2014.

The Proxy Statement is available at <http://www.sigmatronintl.com>

As of the date of this Proxy Statement, the Board of Directors knows of no other business which will be presented for consideration at the Meeting. If other proper matters are presented at the Meeting, however, it is the intention of the proxy holders named in the enclosed form of proxy to take such actions as shall be in accordance with their best judgment.

The information contained in this Proxy Statement relating to the occupations and security holdings of Directors and Officers of the Company and their transactions with the Company is based upon information received from each individual as of July 31, 2014.

HOLDINGS OF STOCKHOLDERS, DIRECTORS**AND EXECUTIVE OFFICERS**

The following table sets forth certain information regarding beneficial ownership of common stock as of July 31, 2014 by (i) each Director of the Company and each nominee, (ii) each Executive Officer of the Company, (iii) each person (including any group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the Exchange Act)) who is known by the Company to own beneficially more than 5% of the outstanding common stock, and (iv) all Directors and Executive Officers as a group. The address of Directors and Executive Officers is c/o SigmaTron International, Inc., 2201 Landmeier Road, Elk Grove Village, Illinois 60007.

Beneficial Ownership

Name	Number of Shares(1)	Percent
Beneficial Owners of at least 5% of the outstanding Capital Stock		
Royce & Associates, LLC(2) 1414 Avenue of the Americas New York, NY 10019	440,108	10.9%
Fidelity Management & Research Company(3) 82 Devonshire St. Boston, MA 02109	396,000	9.8%
Cyrus Tang Foundation(4) 8960 Spanish Ridge Ave. Las Vegas, NV 89148	226,885	5.7%
Tang Foundation for the Research of Traditional Chinese Medicine(4) 8960 Spanish Ridge Ave. Las Vegas, NV 89148	93,875	2.3%
Directors, Nominees and Executive Officers		
Gary R. Fairhead(5)	83,303	2.0%
John P. Sheehan(5)	36,566	1.5%*
Daniel P. Camp(5)	3,400	*
Gregory A. Fairhead(5)	3,500	*
Linda K. Frauendorfer(5)	4,250	*
Rajesh B. Upadhyaya(5)	10,000	*
Bruce J. Mantia	6,000	*
Thomas W. Rieck(6)	2,700	*
Dilip S. Vyas	1,500	*
Paul J. Plante	1,500	*
Barry R. Horek	1,500	*
All Directors and Executive Officers as a group(7)	154,219	3.8%

* Less than 1 percent.

- (1) Unless otherwise indicated in the footnotes to this table, the Company believes the persons named in this table have sole voting and investment power with respect to all shares of common stock reflected in this table. As of July 31, 2014, 4,037,017 shares were outstanding, not including certain options held by various Directors and Officers as noted in subsequent footnotes. This table is based on information supplied by the Company's Officers, Directors and principal stockholders and by Schedules 13D, 13G and Section 16 filings made with the Securities and Exchange Commission.

- (2) Number of shares owned by Royce & Associates, LLC, at December 31, 2013, as reported on Schedule 13G/A filed with the SEC on January 14, 2014. Based upon that Schedule 13G/A, Royce & Associates, LLC, holds the sole voting power and sole investment power with respect to all of the shares indicated.
- (3) Number of shares owned by Fidelity Management & Research Company at December 31, 2013, as reported on a Schedule 13G/A filed with the Securities and Exchange Commission on February 13, 2014. Based upon that Schedule 13G/A, FMR LLC, the sole owner of Fidelity Management & Research Company (Fidelity), and Edward C. Johnson 3d, the Chairperson of FMR LLC, through their control of Fidelity, each has sole investment power with respect to all of the shares indicated. The Board of Trustees of Fidelity Low Priced Stock Fund, a registered investment company advised by Fidelity, holds sole voting power with respect to all of the shares indicated, which power is carried out by Fidelity pursuant to the Board's guidelines.
- (4) The Cyrus Tang Foundation and Tang Foundation for the Research of Traditional Chinese Medicine are not-for-profit foundations. The entities, whose combined ownership represents approximately 8% of the outstanding common stock, are controlled by Cyrus Tang. Based upon a Schedule 13D/A filed with the Securities and Exchange Commission on October 11, 2012, each respective entity holds sole voting power and sole investment power with respect to all of the shares such entity is indicated as owning.
- (5) The number of shares includes 5,100, 10,000, 3,400, 3,500, 4,250 and 10,000 shares issuable upon the exercise of currently exercisable stock options (or those exercisable within 60 days) granted to Gary R. Fairhead, John P. Sheehan, Daniel P. Camp, Gregory A. Fairhead, Linda K. Frauendorfer and Rajesh B. Upadhyaya, respectively.
- (6) In addition to the number of shares set forth on the Beneficial Ownership table, Mr. Rieck is a member of a family investment company which owns 10,000 shares of the Company's common stock as of July 31, 2014. Mr. Rieck abstains from all, or has no voting and investment decisions with respect to, such shares.
- (7) Includes 36,250 shares issuable upon exercise of stock options.

SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company is required to report to stockholders those Directors, Officers and beneficial owners of more than 10% of any class of the Company's equity securities registered pursuant to Section 12 of the Exchange Act, who fail to file timely reports of beneficial ownership and changes in beneficial ownership, as required by Section 16(a) of the Exchange Act. Based solely upon a review of copies of such reports furnished to the Company, the Company believes that all persons subject to the reporting requirements of Section 16(a) of the Exchange Act timely filed all necessary reports during the fiscal year ended April 30, 2014, except that: Barry R. Horek, Paul J. Plante and Bruce J. Mantia each filed late one Form 4 containing one transaction for each that was not reported on a timely basis; Thomas W. Rieck and Dilip S. Vyas each filed late two Form 4s containing three transactions for each that were not reported on a timely basis; and Daniel P. Camp, Rajesh B. Upadhyaya, John P. Sheehan, Gregory A. Fairhead, Linda K. Frauendorfer and Gary R. Fairhead each filed late one Form 4 containing three transactions for each that were not reported on a timely basis. In addition, during the fiscal year ended April 30, 2014, and prior fiscal years, Hom-Ming Chang failed to file three reports required by Section 16(a) of the Exchange Act, including reports covering two transactions that were not reported on a timely basis.

1. ELECTION OF DIRECTORS

The Company's Board of Directors consists of seven (7) directors being: (1) Gary R. Fairhead; (2) Linda K. Frauendorfer; (3) Barry R. Horek; (4) Bruce J. Mantia; (5) Paul J. Plante; (6) Thomas W. Rieck; and (7) Dilip S. Vyas. Pursuant to the Company's Certificate of Incorporation, the Board of Directors is divided into three classes of Directors, each serving overlapping three-year terms. The term of Class I Directors (Ms. Frauendorfer and Messrs. Rieck and Mantia) expires in 2015; the term of Class II Directors (Messrs. Horek and Plante) expires in 2016; and the term of Class III Directors (Messrs. Fairhead and Vyas) expires in 2014. All Directors of each class will hold their positions until the annual meeting of stockholders in the year indicated above, at which time the term of the Directors in such class expires, or until their respective successors are elected and qualified, subject in all cases to any such Director's earlier death, resignation or removal.

The Board of Directors has determined that each of the Directors of the Company, with the exception of Mr. Fairhead and Ms. Frauendorfer, are independent under the Nasdaq Stock Market, Inc. (Nasdaq), listing standards and the rules of the Securities and Exchange Commission.

Nominees for Election as Class III Director at the Meeting

If a quorum is present at the Meeting, two Class III Directors will be elected by a plurality of the stockholder votes cast at the Meeting, each to serve until the 2017 Annual Meeting of Stockholders or until his successor shall be elected and qualified, subject to his/her earlier death, resignation or removal. Abstentions and Broker Non-Votes will have no effect on the vote. Shares represented by executed proxies will be voted, if the authority to do so is not withheld, for the election of each nominee named below. The stockholders do not have cumulative voting rights with respect to the election of Directors. The following persons have been nominated as a Class III Director:

Name	Age	
Gary R. Fairhead	62	Gary R. Fairhead has served as the President and Chief Executive Officer and a Director of the Company since its formation in November, 1993 and as Chairman of the Board of Directors of the Company since August, 2011. Mr. Fairhead joined Wall-Able Manufacturing Company, a predecessor of the Company, as its Controller in 1981. Mr. Fairhead led a group of investors in purchasing the business of the predecessor in February, 1990. Mr. Fairhead led the business as President and Chief Executive Officer first of SigmaTron, Inc. and then of SigmaTron L.P., the immediate predecessor of the Company, between February, 1990, and November, 1993. Mr. Fairhead also currently serves as a Trustee of Central States Joint Board Health and Welfare Trust Fund. In addition, Mr. Fairhead currently serves as a member of the Board of Advisors for Identco since September, 2011 and as a member of the Board of Directors for Lattof YMCA since November, 2011. Mr. Fairhead served as a member of the Board of Directors of TechAmerica Midwest, a trade association and advocacy organization in the technology industry from January, 2008 to July, 2012. Mr. Fairhead holds a Bachelor's degree of Science from Purdue University and Master's degree in Industrial Administration from the Krannert School of Business, Purdue University. The Board of Directors believes Mr. Fairhead's extensive business, management and financial background, in addition to his lengthy tenure as Chief Executive Officer and a Director of the Company, make him well qualified to serve as a Director.
Class III		

Name	Age	
Dilip S. Vyas	66	<p>Dilip S. Vyas has served as a Director of the Company since the formation of the Company in November, 1993. He has served on our Audit Committee and is currently the Company's Lead Director, and has served as Chairman of the Nominating Committee and member of the Compensation Committee since August, 2011. Mr. Vyas was a Director of and the Vice President, Business Development and Chief Financial Officer of Circuit Systems, Inc., a printed circuit board manufacturer, from 1981 to 2001. Mr. Vyas managed virtually all aspects of accounting and finance and many of the operations of this publicly traded company, including bank relations, purchasing, production plans, and scheduling and design and maintenance of information systems, human resource management, and shareholder relations. Mr. Vyas also served as a member of the Board of Directors of Circuit Systems India, a printed circuit board manufacturer, listed on the India stock exchange, from November, 2007 to January, 2012. Mr. Vyas holds a Bachelor of Engineering degree from the University of Gujarat in India and a Master of Business Administration degree from the University of Illinois, Chicago. The Board of Directors believes Mr. Vyas's long tenure as a SigmaTron Director is an asset to the Company, considering the importance of customer relationships in the electronic manufacturing service industry, and his business, management and financial background, make him well qualified to serve as a Director.</p>
Class III		

The Board of Directors recommends that you vote in favor of the nominees named above.

The Board of Directors knows of no reason why the foregoing nominees will be unavailable or will decline to serve, but, in the event of any such unavailability, the proxies received will be voted for such substitute nominees as the Board of Directors may recommend. **The enclosed proxy cannot be voted for a greater number of persons than two, the number of nominees named in this proxy statement.**

Directors Whose Terms Extend Beyond The Meeting

Principal Occupation(s) During Past Five Years

Name	Age	and Other Public Directorship
Linda K. Frauendorfer	53	Linda K. Frauendorfer has served as a Director of the Company since August, 2011. Ms. Frauendorfer has served as Chief Financial Officer of the Company since February, 1994 and previously as the Corporate Controller from June 1991 through January, 1994. Ms. Frauendorfer's public company experience includes all aspects of the U.S. and foreign accounting and finance functions, corporate governance and regulatory compliance, foreign operations, SEC compliance, investment and commercial banking, mergers and acquisitions, shareholder relations and human resources. Ms. Frauendorfer holds a Bachelor of Science, Business Administration from The Ohio State University and received her Master Board Certification and Director Professionalism Education Certification from the National Association of Corporate Directors, Chicago. Ms. Frauendorfer participates in the National Association of Corporate Directors continuing education programs and is a member of that organization. Ms. Frauendorfer has broadened her experience by serving on the Board Access Committee of the Chicago Financial Exchange and is an active member of Women Corporate Directors. The Board of Directors believes Ms. Frauendorfer's extensive business and financial background, her long tenure as the Company's Chief Financial Officer, and her extensive experience in corporate governance, regulatory compliance, SEC compliance, and shareholder relationships make her well-qualified to serve as a Director.
Class I		

Directors Whose Terms Extend Beyond The Meeting**Principal Occupation(s) During Past Five Years**

Name	Age	and Other Public Directorship
Thomas W. Rieck Class I	69	Thomas W. Rieck has served as a Director of the Company since its formation in November, 1993. At that time, he was a Director and Secretary of Circuit Systems, Inc., a circuit board maker located in Elk Grove Village, Illinois. He is a shareholder of the Company. He has served on the Nominating Committee and is presently Chairman of the Audit Committee and the Company's Audit Committee financial expert. Prior to the time of the Company's initial public offering and since such offering to this date, he has been President of Rieck and Crotty P.C., a Chicago law firm, and has concentrated his practice in the representation of private and public corporations in all aspects of corporate law, including, but not limited to, securities, tax, and transactional matters. He has served on the Board of Directors of numerous public and private companies. He holds a Bachelor's degree in accounting from the University of Notre Dame, a Certified Public Accounting degree from the University of Illinois, and a law degree from Northwestern University. The Board of Directors believes Mr. Rieck's extensive legal, business and financial background, including his status as an audit committee financial expert, make him well-qualified to serve as a Director.
Bruce J. Mantia Class I	67	Bruce J. Mantia has served as a Director of the Company since August, 2011. Mr. Mantia has been the Chairman of the Compensation Committee since August, 2011. Mr. Mantia joined the accounting firm, Ernst & Young LLP, in 1973 and served Ernst & Young in various capacities until his retirement in June, 2005. From July, 2005 through October, 2007, Mr. Mantia served as a consultant to Ernst & Young LLP. Mr. Mantia provided audit services to mainly publicly held companies. From 1984 through 1988, Mr. Mantia was the lead partner on the audit team of the Company's predecessor. Subsequent to 1988, Mr. Mantia served in various roles in Ernst & Young's national office, including as a member of the Operating Committee, as National Director of Total Quality Management, and National Director and Vice-Chair of Human Resources. He served as Office Managing Partner of the Stamford, Connecticut office from February, 1997 to June, 2005. Mr. Mantia was a member of the Chicago 2016 Olympic Committee management team from November, 2006 to July, 2007, serving as its acting Chief Financial Officer during that period. Mr. Mantia is a CPA and holds a Bachelor of Science in Accounting from the University of Illinois at Chicago. The Board of Directors believes Mr. Mantia's extensive business and financial background, local and national management experience, and his experience with the auditing of public companies, make him well-qualified to serve as a Director.

Directors Whose Terms Extend Beyond The Meeting

Principal Occupation(s) During Past Five Years

Name	Age	and Other Public Directorship
Paul J. Plante	56	Paul J. Plante has served as a Director of the Company since August, 2011. Mr. Plante has been a member of the Audit and Compensation Committees since August, 2011. From December, 2008 to the present, Mr. Plante has been the President and owner of Florida Fresh Vending, LLC., a privately held company, with vending machines throughout Central Florida. Mr. Plante began serving in October, 2011 as a member of the Board of Directors of Richardson Electronics Ltd., a publicly traded company. Richardson Electronics provides engineered solutions, power grid and microwave tubes and related consumables and customized display solutions. Mr. Plante served from February, 2007 to May, 2008 as Vice President Medical Industry Solutions of Kimball Electronics Group, an electronic manufacturing services company that serves, among others, the medical industry. From September, 1986 through February, 2007, Mr. Plante served in various capacities for Reptron Electronics, Inc., a publicly traded electronic manufacturing and distribution services company located in Tampa, Florida, until its acquisition by Kimball Electronics Group. From September, 1986 to March, 1994, Mr. Plante served as Reptron's Chief Financial Officer. From March, 1994 through February, 2004, Mr. Plante served as Reptron's President and Chief Operating Officer and from February, 2004 through February, 2007 served as President and Chief Executive Officer. He holds a Bachelor's Degree in Accounting from Michigan State University and a Master's of Business Administration from the University of South Florida. The Board of Directors believes Mr. Plante's extensive history of management and business experience, particularly in the customized electronics and manufacturing industry, coupled with his financial background, make him well-qualified to serve as a Director.
Class II		

Directors Whose Terms Extend Beyond The Meeting

Principal Occupation(s) During Past Five Years

Name	Age	and Other Public Directorship
Barry R. Horek	62	Barry Horek has served as a Director of the Company since August, 2011. Mr. Horek has been a member of the Audit and Nominating Committees since August, 2011. For over 30 years Mr. Horek was with the accounting firm of Ernst & Young LLP where he served as a tax partner from 1987 until his retirement in 2007. During that time he served a variety of multinational privately owned and public company clients specializing in manufacturing and consumer products. During his tenure at Ernst & Young LLP, Mr. Horek also served as an area tax business unit leader for the firm's Entrepreneurial Services Practice and as an Area Director for Tax Policy Implementation where he was responsible for monitoring quality and regulatory compliance. From 1985 to 2001, Mr. Horek served as the lead tax advisor to the Company and its predecessors. During the 2008-2009 academic year, Mr. Horek taught intermediate accounting at North Central College in Naperville, Illinois and has continued to consult with numerous companies on corporate tax matters. He has served on the Board of Directors of Loaves and Fishes since 2008, a not for profit food pantry, of which he served as Chairman from July 1, 2012 to June 30, 2014 and previously served as Treasurer from July 1, 2009 to June 30, 2010 and Vice Chair from July 1, 2010 to June 30, 2012. Mr. Horek is a CPA and holds a Bachelor's Degree in Business Administration from Carthage College and a Master's of Science in Taxation from DePaul University. The Board of Directors believes Mr. Horek's extensive business and financial background, experience in the manufacturing and consumer products business segment make him well-qualified to serve as a Director.
Class II		

2. PROPOSAL TO RATIFY SELECTION OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTANTS

The Board of Directors will recommend at the Annual Meeting that the stockholders ratify the appointment of the firm of BDO USA, LLP to audit the accounts of the Company for the current fiscal year. Representatives of that firm are expected to be present at the Meeting, have the opportunity to make a statement, if they desire to do so, and be available to respond to appropriate questions. BDO USA, LLP was recommended by the Audit Committee and the Board of Directors as the independent registered public accountants for the fiscal year 2014.

In connection with the audits for the years ended April 30, 2014 and 2013, the Company has had no disagreements with BDO USA, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of BDO USA, LLP would have caused it to make reference thereto in its report on the consolidated financial statements for 2014 and 2013.

The ratification of the selection of auditors requires an affirmative vote by holders of a majority of the shares present at the Meeting in person or by proxy and entitled to vote. Broker Non-Votes, while considered present at a meeting and included in the determination of whether a quorum exists, are not considered entitled to vote. Thus, Broker Non-Votes will have no effect. Abstentions will have the same effect as negative votes.

The Board of Directors recommends that you vote in favor of ratification of the selection of BDO USA, LLP as the Company's registered public accountants for the fiscal year ending April 30, 2015.

AUDIT FEES AND AUDIT RELATED FEES

FISCAL YEARS 2014 AND 2013 AUDIT FIRM FEE SUMMARY

During fiscal years 2014 and 2013, the Company retained BDO USA, LLP as its auditor to provide services as defined below. The following amounts were charged by BDO USA, LLP for services provided in fiscal years 2014 and 2013.

	2014	2013
Audit Fees (a)	\$ 178,000	\$ 173,000
Audit-Related Fees (b)		247,225

(a) Fees for audit services billed in 2014 and 2013 consisted of:

Audit of the Company's annual financial statements and reviews of quarterly financial statements.

(b) Fees for audit services for Spitfire Controls, Inc. annual financial statements for calendar years 2010 and 2011.

As described in the Audit Committee Charter, it is the Audit Committee's policy and procedure to review and consider and ultimately pre-approve, where appropriate, all audit and non-audit engagement services to be performed by the registered public accountants. The Audit Committee pre-approved 100% of the services associated with the fees described above.

CORPORATE GOVERNANCE

Our Board of Directors determined that each of Messrs. Horek, Mantia, Plante, Rieck and Vyas are independent under the rules of Nasdaq. As a result, our Board of Directors currently has a majority of independent Directors under the rules of Nasdaq. Our Board of Directors has determined that our independent Directors shall have regularly scheduled meetings at which only the independent Directors are present. Generally, the independent Directors meet separately at each regularly scheduled Board meeting.

Director Committees; Board Meetings

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

In accordance with the requirements of the Exchange Act and rules promulgated thereunder, the Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating Committee. The

Audit Committee Charter, Compensation Committee Charter and the Nominating Committee Charter are available on the Company's website at www.sigmatronintl.com. The Company believes that the composition of these committees meets the criteria for independence under, and the functioning of these committees complies with, the applicable requirements of the current listing standards of Nasdaq and the Securities and Exchange Commission's rules and regulations promulgated under the Sarbanes-Oxley Act of 2002 as set forth below.

The functions of the Audit Committee are to: (1) select and evaluate the performance of the independent accountants; (2) review the audits of the financial statements of the Company and the scope of the audit; (3) review with the independent accountants the corporate accounting and financial reporting practices and policies and recommend to whom reports should be submitted within the Company; (4) review with the independent accountants their final report; (5) review with the internal and independent accountants overall accounting and financial controls; and (6) be available to the independent accountants and management for consultation purposes. The Audit Committee is currently comprised of three members: Messrs. Rieck (Chairman), Horek and Plante. The Board of Directors has determined that each of the members of the Audit Committee is independent under the rules of the Securities and Exchange Commission and Nasdaq. Mr. Rieck has been determined to be an Audit Committee financial expert as defined in Item 407 of Regulation S-K promulgated under the Exchange Act. The Board of Directors has adopted a written charter for the Audit Committee, which was revised and restated as of July 11, 2013, and is available on the Company's website at www.sigmatronintl.com. The report of the Audit Committee to the Stockholders is included in this Proxy Statement under the heading Report of the Audit Committee.

The functions of the Compensation Committee are to review and recommend to the Board of Directors annual salaries and bonuses for all Executive Officers of the Company, to review and recommend to the Board of Directors compensation for the Directors, to review and recommend to the Board of Directors the terms and conditions of all employee benefit plans or changes thereto and to administer the Company's stock option plans. While the Chief Executive Officer of the Company may make recommendations regarding such salaries, compensation and terms and conditions of employment, the Compensation Committee reviews any such recommendations independently and is responsible for making final recommendations to the full Board of Directors. Messrs. Mantia (Chairman), Plante, and Vyas are members of the Compensation Committee. The Board of Directors has determined that each of the members of the Compensation Committee is independent under the listing standards of Nasdaq. The Compensation Committee has authority to select and hire outside consultants and shall have full access to the Human Resources Department or other Company employees to assist in the evaluation of executive officer compensation and may approve the fees and other retention terms of any consultants hired by the Compensation Committee. The Compensation Committee may also obtain advice and assistance from legal, accounting or other advisors selected by the Compensation Committee. The Board of Directors has adopted a written charter for the Compensation Committee, which was revised and restated as of July 11, 2013, and is available on the Company's website at www.sigmatronintl.com.

The functions of the Nominating Committee are to: (1) review and recommend to the Board of Directors the size and composition of the Board of Directors and a slate of nominees for each election of members to the Board of Directors; (2) review and recommend changes to the number, classification and term of Directors; (3) identify and recommend to the Board of Directors candidates to fill appointments to Board committees; (4) develop, assess and make recommendations to the Board of Directors concerning appropriate corporate governance policies; (5) identify and recommend to the Board of Directors candidates to fill a vacancy in the offices of President and Chief Executive Officer; and (6) review nominations by stockholders with regard to the nomination process and to establish the procedures by which stockholder candidates will be considered. The members of the Nominating Committee are Messrs. Vyas (Chairman), Horek and Rieck. The Board of Directors has determined that each of the members of the Nominating Committee is independent under the Nasdaq Stock Market, Inc. listing standards.

The Nominating Committee begins the process of identifying Director candidates by evaluating the current composition of the Board, the Company's operating requirements, and the long-term interests of the Company's stockholders. The Nominating Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates

after considering the function and needs of the Board. In the case of incumbent Directors whose terms of office are set to expire, the Nominating Committee reviews such Directors' overall service during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such Directors' independence. The Nominating Committee meets to discuss and consider each candidate's qualifications and then selects those it considers to be appropriate nominees by majority vote for recommendation to the Board. To date, the Nominating Committee has not paid a fee to any third party to assist in the process of identifying or evaluating Director candidates.

In evaluating and determining whether to recommend a person as a candidate for election as a Director, the Nominating Committee's criteria reflects the requirements of the Nasdaq rules with respect to independence as well as the following factors: the needs of the Company with respect to the particular talents and experience of its Directors; personal and professional integrity of the candidate; the level of education and/or business experience of the candidate; broad-based business acumen of the candidate; the candidate's level of understanding of the Company's business and the electronic manufacturing services industry; the candidate's abilities for strategic thinking and willingness to share ideas; and the Board of Directors' need for diversity of experiences, expertise and background. The Nominating Committee will use these criteria to evaluate all potential nominees.

The Company does not have a diversity policy with respect to its Directors. However, in considering whether to recommend any Director nominee, including candidates recommended by stockholders, the Nominating Committee will consider the factors above, including the candidate's diversity of experiences, expertise, ethnicity, gender and background. The Nominating Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees. The Company believes that the backgrounds and qualifications of the Directors, considered as a group, should provide a significant mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities.

The Nominating Committee will consider proposed nominees whose names are submitted to it by stockholders. The Nominating Committee has not adopted a formal process for that purpose because it believes that the Nominating Committee's process for considering stockholder nominees has been and remains adequate. Historically, stockholders have not proposed any nominees. The Nominating Committee intends to review periodically whether a formal process should be adopted, including whether all stockholder nominations comply with the notice provisions of the Company's by-laws which generally require that such notice be received by the Secretary of the Company not less than 60 days and not more than 90 days prior to a regularly scheduled Annual Meeting of Stockholders, or within 10 days after receipt of notice of an Annual Meeting of Stockholders if the date of such meeting has not been publicly disclosed within 70 days prior to the meeting date.

Board Meetings

The Board of Directors held 13 meetings either in person or by telephone conference during the fiscal year ended April 30, 2014. The Compensation Committee held 7 meetings in person or by telephone conference and the Audit Committee held 5 meetings in person or by telephone conference during the fiscal year 2014. The Nominating Committee held 1 meeting during the fiscal year 2014. All Directors attended at least 75% of the meetings of the Board and each of the committees of which they were members. In fact, all Directors attended at least 90% of the meetings of the Board and each of the committees of which they were members. The Company has a policy of encouraging all Directors to attend in person the Annual Meeting of Stockholders. All Directors attended the Company's 2013 Annual Meeting of Stockholders.

Board Leadership Structure and Role in Risk Oversight

The Company believes that the service of Gary R. Fairhead as both Chairman of the Board and Chief Executive Officer is in the best interest of the Company and its stockholders. Mr. Fairhead possesses detailed and in-depth knowledge of the opportunities and challenges facing the Company, and is thus best positioned to develop agendas that ensure that the Board's time and attention are focused on the most critical matters. The Board believes his role as Chairman of the Board and Chief Executive Officer promotes consistent leadership,

engenders accountability, and enhances the Company's ability to communicate its message and strategy clearly and consistently to its stockholders, employees, and customers. The Company believes the Board's administration of its risk oversight function to date has had a positive effect on the Board's leadership structure.

Consistent with the Company's corporate governance guidelines and because Mr. Fairhead is the Chairman of the Board as well as Chief Executive Officer, the Board has designated one of its members to serve as a Lead Independent Director (Lead Independent Director). Dilip S. Vyas was appointed Lead Independent Director by all the Directors in September, 2011, and he continues to serve as Lead Independent Director. Mr. Vyas's responsibilities include the following roles:

1. to preside over executive sessions of the independent Directors;
2. to chair meetings of the Board of Directors in the absence of the Chairman of the Board;
3. to act as a liaison between the independent Directors and the Chairman of the Board;
4. to coordinate with the Chairman of the Board regarding meeting agendas and schedules;
5. to coordinate with the Chairman of the Board regarding information flow to the Board;
6. to be available for consultation and communication with stockholders, as appropriate; and
7. to call meetings of the independent Directors as appropriate.

The Company believes that it maintains strong corporate governance processes intended to ensure that its independent Directors will continue to effectively monitor management and provide leadership on key issues such as strategy, risk and integrity. The Board has primary responsibility for the oversight of risks to the Company and has assigned to its committees the oversight of risks applicable to their particular area. Each committee of the Board is comprised solely of independent Directors. Consequently, independent Directors oversee such critical matters as the integrity of financial statements; the compensation of Executive Officers, including the Chief Executive Officer; financial commitments for capital projects; the selection and evaluation of Directors and Executive Officers; and the development and implementation of corporate governance programs. Each Board committee and the independent Directors as a group routinely have independent sessions without management present.

Management, the Company's Corporate Counsel, and the Board of Directors discuss risks, both during and outside of Board meetings. These discussions identify Company risks which are prioritized and assigned to the appropriate Board committee or the full Board for oversight. Internal control and financial risks are overseen by the Audit Committee; compensation risks are overseen by the Compensation Committee; Chief Executive Officer succession planning is overseen by the Nominating Committee and reviewed by the independent Directors; compliance risks are typically referred to the full Board; and matters arising under the Company's Code of Conduct or Code of Ethics for Senior Financial Management are handled by Corporate Counsel. Management regularly reports on each risk to the relevant committee or the Board, and material risks identified by a relevant committee are then presented to the full Board. The Company's risk management program as a whole is reviewed annually at a meeting of the Board. Additional review or reporting on Company risks is conducted as needed or as requested by the Board or Committee. Coordination of management's review of these risks is performed by the Company's Corporate Counsel.

Stockholder Communications with the Board of Directors

Stockholders can contact the Board of Directors or any of the individual Directors by contacting: Henry J. Underwood, Corporate Counsel, Howard & Howard Attorneys PLLC, by regular mail at 200 South Michigan Avenue, Chicago, IL 60604. Inquiries will be reviewed, sorted and summarized by the Corporate Counsel before they will be forwarded to the Board of Directors or to an individual Director.

EXECUTIVE COMPENSATION

The Employee Plan:

On May 21, 2013, the Board of Directors adopted the SigmaTron International, Inc. 2014 Employee Bonus Plan (Employee Plan) applicable to all U.S. payroll non-union employees of the Company (Employee Participants), all full-time employees of the Company with a corporate position of vice president or higher (Officers) and all employees designated by the Company as an executive officer pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (Executive Officers).

The stated purposes of the Employee Plan is to align stockholder, employee and officer objectives, to motivate employees of the Company and to increase shareholder value. The Employee Plan is administered and interpreted by the Board and, as a whole, is subject to amendment, suspension or termination by the Board.

Pursuant to the Employee Plan, a Bonus Pool, calculated as a percentage of Pre-Tax Income (as defined in the Employee Plan) pursuant to the scale set forth in the Employee Plan, was created. The Company's Chief Executive Officer submitted to the Compensation Committee a recommendation (i) of target objectives for each Executive Officer and (ii) for a specified percentage or dollar allocation of the Bonus Pool for each Executive Officer and Officer, individually, and all of the Employee Participants, in the aggregate. The Compensation Committee reviewed such submissions for recommendation to the Board. Awards to Executive Officers under the Employee Plan were based, in part, on the Executive Officer achieving the Executive Officer's specified target objectives and, in any event, were subject to the sole discretion of the Board. Awards to Employee Participants under the Employee Plan were contingent upon the Company being in compliance with all of the Company's covenants under its primary credit facility (currently with Wells Fargo Bank, N.A.), or having obtained a waiver thereof, at the end of the Company's 2014 fiscal year.

At the end of fiscal year 2014, the Company awarded bonuses pursuant to the Employee Plan discussed above. Bonuses earned in fiscal year 2014 and paid to Named Executive Officers in fiscal 2015 are listed in the Summary Compensation Table on the following page.

SUMMARY COMPENSATION TABLE

The individuals listed in the following table are referred to as our Named Executive Officers throughout this proxy statement. The following table sets forth a summary of all compensation paid by the Company for its fiscal years ended April 30, 2014 and 2013 to the Company's Named Executive Officers:

Name and Principal Position		Annual Compensation		Option	All Other	Total
		Salary	Bonus	Awards	Compensation	Compensation
		(\$)	(\$)	(\$)	(\$)	(\$)
Gary R. Fairhead	2014	250,000(1)	53,000(2)		26,500(4)(5)	329,500
President and Chief Executive Officer	2013	250,000(1)	25,000(3)	33,900		